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PP RUEHAG RUEHAST RUEHBI RUEHCI RUEHDF RUEHIK RUEHLH RUEHLN RUEHLZ
RUEHNEH RUEHPW RUEHROV RUEHSR RUEHVK RUEHYG
DE RUEHAH #1498 3231041
ZNR UUUUU ZZH
P 181041Z NOV 08
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 1878
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUCNCIS/CIS COLLECTIVE PRIORITY
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 4510
RUEHBJ/AMEMBASSY BEIJING PRIORITY 2322
RUEHUL/AMEMBASSY SEOUL PRIORITY 0069
RUEHKO/AMEMBASSY TOKYO PRIORITY 2187
RUEHIT/AMCONSUL ISTANBUL PRIORITY 2758
RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUEHVEN/USMISSION USOSCE PRIORITY 3076
RUEAIIA/CIA WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC PRIORITY

UNCLAS ASHGABAT 001498

SENSITIVE
SIPDIS

STATE FOR SCA/CEN; EEB

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TAGS: [PGOV](#) [EINV](#) [EPET](#) [TX](#)

SUBJECT: TURKMENISTAN: BERDIMUHAMEDOV'S FIRST TRIP TO
SOUTH KOREA OPENS DOOR TO GREATER COOPERATION

¶1. (SBU) SUMMARY: South Korea hosted the president of Turkmenistan for a two-day visit that centered on developing the economic relationship. The two countries explored cooperation in a variety of areas, including energy development and infrastructure modernization. A Korean diplomat in Ashgabat offered the opinion that both sides are pleased with the fast-developing relationship, and suggested that a Korean presidential visit may be in the planning stages for spring 2009. Turkmen officials will likely be enthusiastic to have another player competing for a role in the country's energy development, and may be hopeful that a Korean national energy company, in particular, will soon become another reliable partner. END SUMMARY.

¶2. (SBU) On November 6 and 7, President Berdimuhamedov made his first official visit to South Korea. In a press conference, the Turkmen leader said that his country will support South Korea's efforts to acquire reliable energy supplies and other resources. Korean officials, for their part, indicated readiness to participate in the refurbishment of Turkmenistan's infrastructure and facilities within its oil and gas sector. The Turkmen president also traveled to Ulsan and Pusan, toured a shipmaking complex, an auto manufacturing plant, an oil refinery, and Pusan's modern port facilities.

¶3. (SBU) Poloff met November 17 with Korean First Secretary Son Jin Hwa, who said that the bilateral relationship has been developing at a fast pace, and both sides are pleased. A South Korean embassy opened in Turkmenistan just this year, in January. Korean Prime Minister Han Seung-soo visited Turkmenistan in May to initiate the discussion on energy development cooperation, and the embassy is planning for a "very senior Korean official" to visit Turkmenistan in Spring 2009. Son said that his government was thrilled to hear that Berdimuhamedov's trip dominated Turkmen press for five days.

¶4. (SBU) Korean companies are interested in projects to refurbish the oil refineries at Seidi and Turkmenbashi, construction of desulfurization facilities near the South Iolatan gas field, construction of a factory to manufacture gas pipe, and refurbishment of several provincial airports.

South Korean energy companies have also expressed interest in competing for the right to develop several oil and gas blocks in the Caspian, including the Korean National Oil Corporation. Son said that most of the Korean companies interested in working in Turkmenistan were private, although some national companies were weighing the costs and benefits of investing in Turkmenistan as well.

15. (SBU) COMMENT: There has been no reporting thus far regarding which specific Caspian Sea blocks interest the Korean companies, but Turkmen officials are likely pleased to have another country competing for a role in energy development here. If a Korean national energy company is interested, the government of Turkmenistan will certainly prefer it as a potential energy development partner, since national companies are more likely to work on projects that earn little or no profit, and are able to come up with capital for major projects more easily than private firms. Private Korean companies competing for other energy and infrastructure projects, however, will have to deal with the same business challenges that other foreign companies are faced with here. END COMMENT.
MILES